

SAN PEDRO PROPERTY OWNERS ALLIANCE BOARD OF DIRECTORS MEETING

MEETING MINUTES

August 12, 2008

**Meeting Location: San Pedro Chamber of Commerce
390 West 7th Street
San Pedro, CA 90731**

1. CALL TO ORDER – Eric Eisenberg, President 9:30 AM

The meeting was called to order by President Eisenberg at 9:55 AM.

2. INTERIM BOARD

Eric Eisenberg, President
Jayme Wilson, Vice President / Secretary
Alan Johnson, Treasurer
Camilla Townsend, Chamber of Commerce, Board Member
Ralph Hicks, Port of Los Angeles, Board Member
Lauren Cohen, Galaxy Commercial Holding, Board Member
Anthony Bilas, Board Member

*In attendance: Board Members – Eisenberg, Wilson, Townsend, Cohen
Excused absences – Johnson, Hicks, Bilas
Staff – Duckworth
Guests – None*

3. PUBLIC COMMENTS

This opportunity is reserved for any public comments to the Board pursuant to the Brown Act with the understanding that no action may be taken, nor discussion conducted on un-agendized subjects.

None.

4. OLD BUSINESS – None

None.

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5. NEW BUSINESS

- A. Overview Discussion of Future PBID Approval Milestones
 - i. “Mid August” BID Effective Date
 - ii. Contract With City & SPPOA for PBID Administration
 - iii. Insurance Coverage
 - iv. SPPOA Bylaws Adoption
 - v. Budget / Assessment Advance From City / 2008 Assessments
 - vi. Letter to All Stakeholders & Solicitation for Participation

Interim Executive Director Duckworth presented the above milestones of BID implementation for the Board’s information. San Pedro’s BID ordinance is effective on August 16, and the Agreement with the City for BID administration is effective September 1. A general discussion was held about these action points. No SSPOA Board action was taken.

- B. Review, Discussion, & Possible Approval of Proposed SPPOA Bylaws and Authorization for Vice President / Secretary to Execute

Interim Executive Director Duckworth presented a set of Bylaws for Board consideration that had been adapted from a similar document in use by the Hollywood Entertainment District BID. The Board reviewed and discussed the document on a page by page basis.

Board Members had a long discussion about the practical details attendant to beginning BID operations as quickly and effectively as possible in order to achieve the best return on stakeholders’ assessment investments. Board Members agreed that the quicker BID operations can begin providing practical services within the downtown area, the better for all stakeholders. They also agreed that the least possible expenditure of effort to administrative “overhead,” the better for all stakeholders. Office location, mail address, office rental, telephone and fax connections, internet connections, copy machine capabilities, office machine needs, and office administrative support staff needs were discussed. By consensus the SPPOA Board Members agreed that the BID should seek an agreement with the Chamber of Commerce for fully operational office space rental with administrative support services. Therefore, the draft Bylaws would be modified to reflect “390 West 7th Street” as the SPPOA principal executive office.

Board Member Wilson said that he thought it would be helpful on page 10 of the proposed Bylaws to clarify that the first annual meeting would be held “beginning in October 2009,” which is consistent with the remainder of the document. All Board Members agreed that their highest priority task on behalf of all stakeholders would be successful

C. Ratification of Interim Board Members

Interim Executive Director Duckworth noted that the Interim Board that had been assembled was intended to reflect the diversity of properties within the BID area. Owners of retail, office, apartment, new condominium, business, theater are included. The Port of Los Angeles and a major master lessee are also included. He recommended that the assembled Members “ratify” the selected “Interim Board Members.”

Motion: Wilson. 2nd Townsend. “SPPOA Board of Directors ratifies the selected ‘Interim Board of Directors’ and officers as follows:

- Eric Eisenberg, President*
- Jayme Wilson, Vice President / Secretary*
- Alan Johnson, Treasurer*
- Camilla Townsend, Chamber of Commerce, Board Member*
- Ralph Hicks, Port of Los Angeles, Board Member*
- Lauren Cohen, Galaxy Commercial Holding, Board Member*
- Anthony Bilas, Board Member”*

Motion approved unanimously.

D. Review, Discussion, & Possible Approval of Proposed Agreement With City of Los Angeles for BID Administration and Authorization for President, Vice President / Secretary, and Interim Executive Director to Execute

Interim Executive Director Duckworth introduced this item by saying that the adopted Historic Waterfront District Management District Plan (MDP) provides that the City will enter into a contract with a private, non-profit entity designated as an “owner’s association” to administer and implement services, improvements, and activities described in that

document. The City has established a standard document for this purpose, a copy of which has been provided by the City Clerk's Office. It is necessary for the SPPOA Board to adopt this standard document in order to begin receiving revenues and providing BID area services. It is therefore recommended that the Board formally adopt the standard form document and authorize the Executive Director, Board President, and Board Vice President / Secretary to execute it as necessary.

The Board reviewed and discussed the document on a page by page basis.

Motion: Wilson. 2nd Townsend. "SPPOA Board of Directors approves the proposed agreement between the SSPOA and the City of Los Angeles for BID administration and authorizes the Executive Director, Board President, and Board Vice President / Secretary to execute it as necessary ." Approved unanimously.

- E. Review, Discussion, & Possible Approval of SPPOA Insurance Quote and Authorization for President and Interim Executive Director to Execute Documents Needed for Implementation

Interim Executive Director Duckworth introduced this item by distributing a summary matrix showing the results of the competitive insurance bid process that he has conducted. He requested quotes from: Insurance West (providers of insurance to the HED BID, Sunset & Vine BID, Westchester BID, with which he has worked, and other BIDs); Souza Insurance, which he has also worked with; Zepke Insurance, which provides insurance for the San Pedro Chamber of Commerce; and, Bettis Insurance, a San Pedro Chamber of Commerce member. Based upon these bid proposals, Insurance West seems slightly less costly than Zupke Insurance. More important is the fact that Insurance West has a proven track record of being able to have its "insurance certifications" accepted by the City of Los Angeles that is seen as somewhat rigid in this regard. This may well translate into the timeliest ability to bind coverage for the BID to begin operations. Duckworth recommended that the SPPOA approve the Insurance West quote and authorize him to execute documents as appropriate to initiate coverage.

Board President Eisenberg asked about the cost of increasing the umbrella coverage above the requested \$5 Million. Insurance West was contacted by telephone and reported that umbrella costs generally ranged between \$750 to \$1,000 per \$1 Million of coverage and that increased limits would be available. Other Board Members felt that increased coverage would be a good idea and conservatively appropriate for the first year of BID operations. Insurance West was asked to submit a proposal for a \$10 Million umbrella with a premium of less

than \$8,000 per year.

Motion: Eisenberg. 2nd Wilson. “SPPOA Board of Directors approves the insurance quote from Insurance West at a total premium cost not to exceed \$11,000 per year and authorizes the Executive Director to execute documents as appropriate to initiate coverage as soon as possible.” Approved unanimously.

- F. Conceptual Approval for Start-Up Loan NTE \$5,000 for Binding of Insurance to be Repaid Upon Receipt of City Assessment Funds Advance and Authorization for President and Interim Executive Director to Execute Documents Needed for Implementation

Interim Executive Director Duckworth reported that new BIDs, such as the Historic Waterfront District are confronted with start-up costs before the City will transfer assessment revenues needed to meet those costs. The biggest and most common of these is for insurance premiums. The City won’t provide the BID with assessment funds until it has an insurance certification on file, but the insurance company won’t issue the necessary certification until it is paid at least a portion of the premium. Duckworth has discussed this “catch-22” type situation with representatives from the City Clerk’s Office. They understand it exists, and they anticipate that the needed start-up funds will be “loaned” to the BID by members of its proponent group and re-paid from the first assessment monies received. Duckworth recommended that the Board Members discuss this circumstance and agree that one or more of its members would provide the needed start-up loan not to exceed \$5,000, for a period on 90 days or less.

After a short discussion, the Board agreed with the recommended start-up loan concept. President Eisenberg and Board Member Wilson both agreed to provide such a loan at no interest. Details will be fleshed-out and brought back to the Board as necessary.

- G. Authorization to Request Assessment Advance From Office of City Clerk

Interim Executive Director Duckworth said that it was appropriate for the Board to authorize him to request an advance of assessment funds in the amount of \$81,250 from the City Clerk’s Office. These funds were approved by the City Council actions forming the BID and will be available within about three (3) weeks of the BID’s contract with the City becoming effective and an accepted insurance certification being in place.

Motion: Wilson. 2nd Townsend. “SPPOA Board of Directors authorizes the Executive Director to invoice the City of Los Angeles for \$81,250 as

an assessment advance.” Approved unanimously.

H. Discussion re BID office location, mail box, telephone, & FAX

President Eisenberg noted that this item included in item 5B, above, and no further discussion was held.

I. Discussion of SPPOA Priorities for BID Services Implementation

By consensus, the Board Members agreed that ambassador / security services and streetscape maintenance services would be their highest priority services for implementation on at least a start-up basis by the coming Holiday Season. The Interim Executive Director was asked to arrange for a series of informative presentations on SPPOA Board weekly meeting agenda that would aid effective Board action in these areas.

J. Discussion of Staff Support Arrangements

Interim Executive Director Duckworth said that he was interested in continuing to work with the SPPOA on at least an interim basis to provide professional BID implementation services. He had performed such services for the Sunset & Vine BID (10 hours per week @ \$4,000 per month retainer) and the Westchester BID (15 hours per week @ \$4,000 per month retainer). The Westchester experience has shown that 15 hours per week does not allow sufficient time to address the BIDs organizational needs. He suggested the proper arrangement in San Pedro would be 20 hours per week @ \$5,000 per month retainer.

Board Member Wilson noted that the suggested arrangement also provided the BID with the least cost per hour of service.

President Eisenberg asked if Duckworth would be agreeable to delaying his invoicing for his services until such time as regular BID assessment revenues were being received from the City. Duckworth agreed.

Duckworth will return with an agreement for SPPOA Board consideration while continuing to provide services as requested in the meantime.

At the same meeting he will also present an agreement with the San Pedro Chamber of Commerce that provides for on-going administrative support services and facility rental as contemplated in Item 5B of today's meeting.

6. NEXT MEETING

August 18, 2008 at 9:00 AM. at the Chamber Board room.

7. ADJOURNMENT

12:00 Noon

The meeting was adjourned at 12:35 PM.